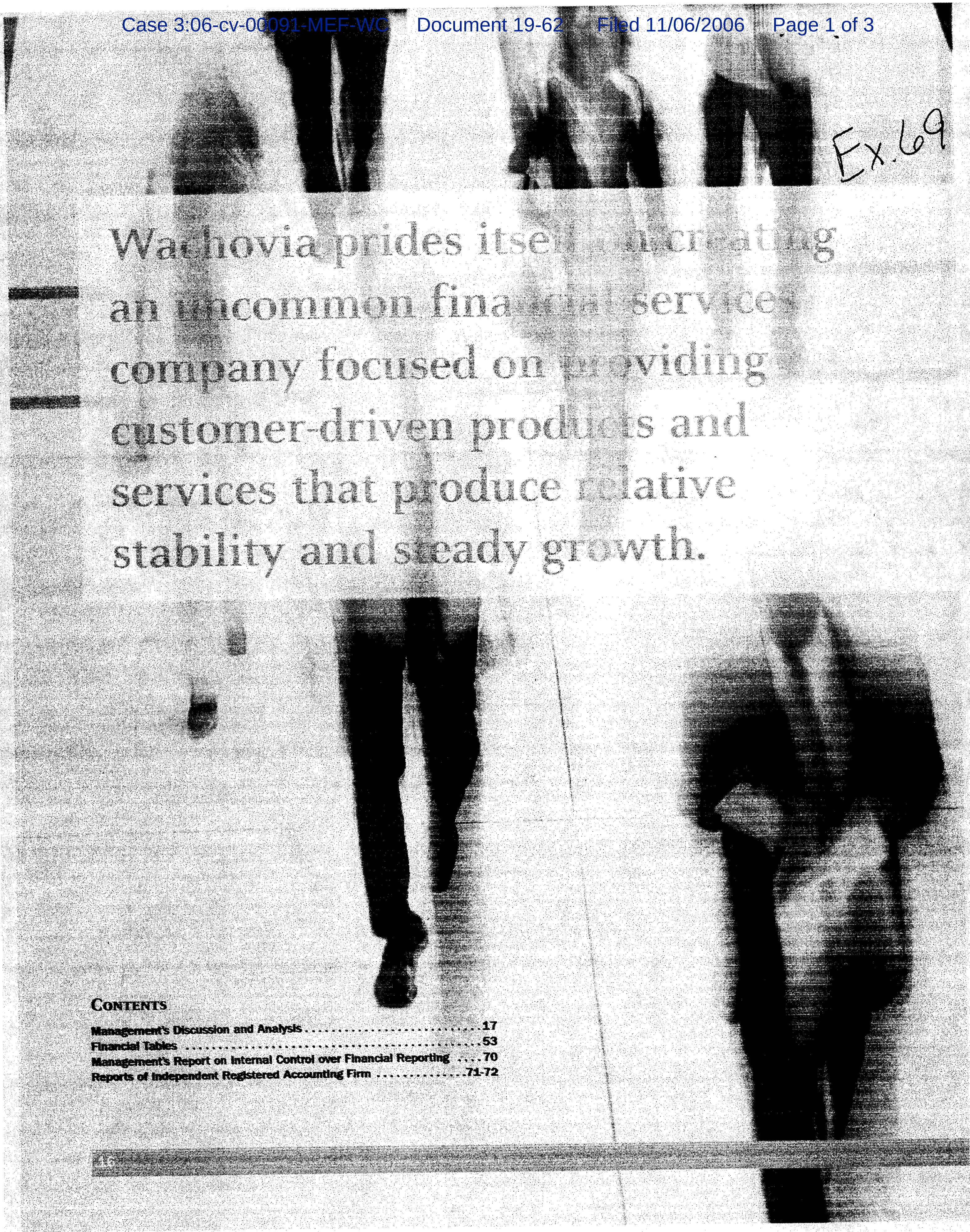
Ex. 69



Wachovia prides itself on creating an uncommon financial services company focused on providing customer-driven products and services that produce relative stability and steady growth.

Contents

The following discussion and analysis is based primarily on amounts presented in our consolidated financial statements, which are prepared in accordance with U.S. generally accepted accounting principles (GAAP). This discussion contains forward-looking statements. Please refer to our 2004 Form 10-K for a discussion of various factors that could cause our actual results to differ materially from those expressed in such forward-looking statements.

Executive Summary

Our earnings are primarily generated through four core businesses: the General Bank, the Corporate and Investment Bank, Capital Management and Wealth Management. In the following discussion, we explain this diverse group of businesses and why we believe our shareholders and customers benefit from this balance and diversity. In addition, throughout this document, we address key performance indicators that drive shareholder value and serve as benchmarks to compensate management. We discuss trends and uncertainties affecting our businesses, and also analyze liquidity and capital resources.

Our business model is based on a diversified mix of businesses that provide a broad range of financial products and services, delivered through multiple distribution channels. This means that in addition to the lending and deposit-taking activities of traditional banking companies, we also offer investment products and services for retail customers, and capital markets financing alternatives for institutional and corporate clients. This business mix produces revenue both from the interest income earned on loans and securities, as well as fee income from potentially faster-growth but less predictable asset management, retail brokerage and investment banking businesses. Fee income represented 47 percent of our total revenue in both 2004 and 2003.

The ability of our businesses to generate strong sales and serve a broad range of customer needs in differing market conditions allowed Wachovia to generate record net income available to common stockholders in 2004 of $5.2 billion, up 22 percent from 2003, and record diluted earnings per common share of $3.81, up 20 percent from 2003. Our results for 2004 also reflect the merger of Wachovia and SouthTrust Corporation, which closed on November 1, 2004. Because this merger was accounted for under the purchase method, prior periods have not been restated. Results in 2004 include SouthTrust for only the two months since consummation, so this transaction had relatively little impact on 2004

Summary of Results of Operations

	Years Ended December 31,		
(In millions, except per share data)	2004	2003	2002
Net interest income *(GAAP)*	$ 11,961	10,607	9,955
Tax-equivalent adjustment	250	256	218
Net interest income [a]	12,211	10,863	10,173
Fee and other income	10,779	9,482	7,890
Total revenue [a]	22,990	20,345	18,063
Provision for credit losses	257	586	1,479
Other noninterest expense	13,791	12,319	10,678
Merger-related and restructuring expenses	444	443	387
Other intangible amortization	431	518	628
Total noninterest expense	14,666	13,280	11,693
Minority interest in income of consolidated subsidiaries	164	143	6
Income taxes	2,419	1,833	1,088
Tax-equivalent adjustment	250	256	218
Income before cumulative effect of a change in accounting principle	5,214	4,247	3,579
Cumulative effect of a change in accounting principle, net of income taxes	–	17	–
Net income	5,214	4,264	3,579
Dividends on preferred stock	–	5	19
Net income available to common stockholders	$ 5,214	4,259	3,560
Diluted earnings per common share	$ 3.81	3.18	2.60

(a) Tax-equivalent.

results of operations except as noted. At consummation, SouthTrust had assets of $53.6 billion, stockholders' equity of $4.8 billion, loans of $36.9 billion and deposits of $37.1 billion. Additionally, results reflect the full-year impact of the July 1, 2003, retail brokerage transaction.

In 2004 compared with 2003, total revenue rose 13 percent to $23.0 billion, with strong balance sheet growth overcoming margin compression largely related to the addition of lower-spread trading assets, growth in lower-spread consumer real-estate secured loans, consolidation of our conduits and growth in FDIC-insured sweep accounts and related investments. Tax-equivalent net interest income grew 12 percent on growth in average earning assets of 23 percent. Fee and other income grew 14 percent largely reflecting the impact of the retail brokerage transaction on commissions and on fiduciary and asset management fees. Improved principal investing results and higher customer transaction volume and the addition of SouthTrust also contributed to the increase, and offset lower asset securitization results.

Wachovia is one of the nation's largest lenders, and the credit quality of our loan portfolio can have a significant impact on earnings. Our credit quality remained at or near the best in the

banking industry in 2004, and trends continue to look favorable for 2005. We experienced only a 2 percent increase from December 31, 2003, in total nonperforming assets, and the level would have declined without the addition of SouthTrust's nonperforming assets. We have one of the best records on credit losses in the banking industry, with a net charge-off ratio of 0.17 percent, down 24 basis points from 0.41 percent in 2003. Our strategy is to mitigate risk and volatility on our balance sheet by actively monitoring and reducing potential problem loans, including the sale of at-risk credits when prudent. As a result of this strategy, the 56 percent decline in provision expense from 2003 reflected improved credit quality as well as more favorable economic conditions. At December 31, 2004, the allowance for loan losses increased 17 percent from December 31, 2003, due to the addition of SouthTrust.

Average loans in 2004 increased $13.7 billion from 2003 to $172.0 billion, primarily reflecting growth in consumer real estate-secured loans and commercial loans and the impact of the SouthTrust merger. Average core deposits increased 26 percent from 2003 to $231.6 billion, which included an average $24.3 billion of deposits associated with growth in our FDIC-insured money market sweep product introduced in the fourth quarter of 2003. Average low-cost core deposits increased 35 percent from 2003 to $190.9 billion.

We have focused for some time on improving efficiency, and in the spring of 2004 began a new in-depth review of our businesses and processes to systematically assess efficiency opportunities by business line and across the organization. Each business unit developed overhead efficiency targets for 2007, based on expected revenue growth rates and peer productivity data. Overall, we are targeting an overhead efficiency ratio in the range of 52 percent to 55 percent by 2007, which we expect to achieve by slowing our expense growth even as we continue to invest for future revenue growth. More information is included in the *Letter to Shareholders* and the *Outlook* section.

In addition, our mix of businesses and variable expense structure enables us to manage expenses in line with revenues. Total noninterest expense rose 10 percent from 2003, primarily reflecting increased variable pay on higher revenues, as well as the full effect of the retail brokerage transaction, the SouthTrust merger, and continued investments for the future.

Each of our four major businesses generated record revenue and record earnings in 2004. Outstanding deposit and loan growth provided a balance to weak retail brokerage activity affecting the entire brokerage industry.

Our General Bank, which contributed 46 percent of total revenue, continued to experience outstanding deposit growth, particularly in low-cost core deposits, as well as solid loan growth. The General Bank's operating leverage improved over the comparative period, with revenue growth of 10 percent and expense growth of 4 percent, which includes the addition of SouthTrust. Credit quality in the General Bank also continued to be strong, resulting in a 33 percent decline in its provision for credit losses.

The retail brokerage and asset management businesses in Capital Management represent 24 percent of our total revenue. Capital Management's retail brokerage firm experienced subdued brokerage activity in 2004, dampening results. Growth in commissions and in fiduciary and asset management fees largely reflected the full year impact of the retail brokerage transaction. Capital Management's businesses are poised to benefit as markets improve. In addition, we anticipate earnings to benefit from expense savings after we complete the retail brokerage integration in the first half of 2005.

Wealth Management's contribution to revenue was 5 percent with record earnings fueled by solid momentum in both net interest income and in trust and investment management fees. Average loans grew 17 percent and average core deposits grew 13 percent, while assets under management rose 10 percent on improved market valuations and additions from acquisitions.

Our Corporate and Investment Bank, which contributed 23 percent of total revenue, gained new business and performed well in 2004, with market share gains particularly in loan syndications, structured products, investment grade bonds, and improved principal investing results. Improving credit conditions and lower loan outstandings reduced the use of economic capital.

In addition, as we manage interest rate risk, we believe a rising rate environment – assuming that it is accompanied by a rebound in business activity in the wake of a more robust economy – will produce many benefits for our business model. Since the beginning of 2004, we have repositioned our balance sheet to be relatively neutral under a broad range of interest rate scenarios. Our balance sheet is strong and "well capitalized" under regulatory guidelines with a tier 1 capital ratio of 8.01 percent and a leverage ratio above 6 percent at December 31, 2004.

Wachovia's board of directors increased the quarterly dividend paid to common stockholders 31 percent from 35 cents per share in the fourth quarter of 2003 to 46 cents in the fourth quarter of 2004. In 2004, we paid common stockholders total